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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

OCT 12 1970

CIVIL DIVISION



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Dear Mr. Werts:

The General Accounting Office has examined into selected aspects of on-the-job training (OJT) and institutional training programs conducted by the Manpower Administration of the Department of Labor under the Manpower Development and Training Act (MDTA) of 1962, as amended (42 U.S.C. 2571), in the States of Oregon and Washington.

Our review was made to evaluate trainee selection, job development, and job placement procedures followed by the Department and the State employment security agencies in the two States. The review was made in nine cities and included visits to State employment security agency offices and selected contractors' and subcontractors' offices in the two States. We reviewed 19 of 243 MDTA training projects conducted from October 1966 through October 1968 in the two States; 10 of the projects reviewed were for institutional training and nine were for OJT.

Our review showed that there were opportunities for the Manpower Administration and State employment security agencies to enhance the effectiveness and strengthen management of the MDTA training programs by (1) limiting training to individuals who cannot otherwise be placed in gainful employment, and (2) improving job development and placement services to persons completing training.

Funds apportioned to the States of Oregon and Washington in fiscal years 1968, 1969 and 1970, for MDTA training were as follows:

State	1968		1969		1970	
	Institutional	OJT	Institutional	OJT	Institutional	OJT
Oregon	\$1,976	\$ 910	\$2,165	\$391	\$1,775	\$420
Washington	\$2,617	\$1,205	\$2,622	\$519	\$2,376	\$563

---(thousands)---

From the inception of the MDTA training programs in August 1962, through June 30, 1970, the Department estimates that about 14,600 persons in Oregon and about 27,600 persons in Washington were enrolled. Of the 14,600 persons enrolled in Oregon, 4,200 were enrolled for OJT and 10,400 were enrolled in institutional training projects. In Washington, 5,500 persons were enrolled in OJT and 22,100 in institutional training projects.

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NEED FOR STATE EMPLOYMENT
SECURITY AGENCIES TO EMPHASIZE
PLACEMENT ASSISTANCE

Individuals who already possessed both marketable skills and recent work experience had been referred to institutional training or OJT by the State employment security agencies in Oregon and Washington. These persons would have been better served, in our opinion, if the State agency had placed them directly into available jobs.

The MDTA requires that occupational training be directed to those unemployed and underemployed persons who cannot reasonably be expected to secure appropriate full-time employment without training. The MDTA handbook states that the employment service is responsible for selecting and referring for training those workers who are particularly in need of training in order to obtain employment.

In Oregon and Washington, the selection and referral officer in the local employment security office is responsible for the final selection and referral of persons to institutional training. For OJT projects, the local employment security offices are responsible for certifying the eligibility for training of persons being considered, but the contractor may make the final selection from persons certified by the employment security office. We examined various records to determine whether the 401 persons enrolled in the 19 projects selected required skill training in order to obtain appropriate full-time employment.

State employment security office records showed that 270 of the 401 trainees were unemployed before entering training; 114 trainees were underemployed; and 11 were reentrants into the work force. No information was available on the pretraining employment status of the other six persons.

Of the 270 persons classified as unemployed, 78 had at least 3 months recent work experience. About one-third of these 78 persons had worked in occupations for which MDTA training was being provided in Oregon and Washington; some had work experience in the same occupation for which they were being trained. Available records showed that the local employment security offices had provided job placement assistance to only six of the 78 unemployed persons during the 6-month period prior to their enrollment in training.

From the 78 persons who possessed occupational skills, we selected a random sample of 30 persons in three cities who had been enrolled in training courses to determine whether well-paying jobs requiring the skills possessed by these individuals were available in their local areas during the 3-week period preceding the date of their enrollment in training. Our analysis of newspaper want-ads for employees showed that jobs were available in the skill area possessed by 18 of the 30 individuals, however, we found no indication that any of these persons had received job placement assistance from a local employment security office before being placed in training.

State employment security officials in Washington and Oregon agreed that there was a problem in that persons who had a questionable need for training were being trained. Manpower Administration officials in the Seattle Regional Office agreed that there is a need to provide to the local employment security offices additional assistance and direction in selecting persons for training.

Conclusion and recommendation

Local employment security offices should increase their efforts to place persons possessing work experience in available jobs. Placement assistance is not only less expensive from the Government's standpoint, but is frequently also in the applicant's best financial interest. Appropriate emphasis on placement would also provide for a more efficient application of available funds to persons who have a bona fide need for training.

Accordingly, we recommend that the Assistant Secretary for Manpower reemphasize to responsible program officials in the Seattle Regional Office and in the State and local employment security offices in Oregon and Washington that whenever possible, persons who have job skills be referred to jobs rather than training and that institutional and OJT training under the MDTA be given to those persons who need such training assistance to obtain permanent jobs.

NEED TO IMPROVE JOB DEVELOPMENT AND PLACEMENT SERVICES FOR MDTA PROGRAM GRADUATES

The effectiveness of MDTA institutional training projects in Oregon and Washington could be enhanced through increased emphasis by the State and local employment security offices on job development for, and more timely placement of, persons completing training.

A primary goal of the occupational training provided under the MDTA is successful employment. The Manpower Administration stresses the need for successful employment in its MDTA handbook which requires that the employment security offices assume responsibility for the major share of the job-finding activities and devote maximum energy, imagination, and initiative in assuring that, insofar as possible, every trainee obtain suitable employment upon completion of the training course. The handbook also prescribes that throughout the training period the employment security offices will, through such methods as contacts with potential employers and continuing reviews of job openings, attempt to match the trainees' skills and other attributes with available jobs.

We examined the records at six employment security offices in Oregon and Washington pertaining to 105 persons who had completed MDTA training and for whom follow-up employment information gathered by the employment security office was available. The records showed that immediately after completion of training, 75 of the 105 program

graduates or about 71 percent, were unemployed and looking for work; 26 graduates were employed; and the status of the other four graduates was unknown to the employment security office.

The 3-month follow-up reports pertaining to the 79 graduates who were unemployed or whose status was unknown at the completion of training, showed that 34 graduates had found employment. Only eight of these graduates had been placed through the employment security offices. Of the 45 other graduates, 23 were reported as unemployed, the status was unknown for 21 trainees, and one trainee was no longer in the labor force. The records showed that 14 of the 23 trainees who were unemployed had not been referred to a job by the local employment security office.

The 6-month follow-up reports on the 79 former trainees showed that 35 were employed, 17 were unemployed, two were no longer in the labor force, and the employment status for 25 was unknown. There was no indication that nine of the 17 persons who were unemployed had ever been referred to a job by the employment security office during the 6 months following completion of training.

The lack of employment upon completion of training for about 71 percent of the trainees appears to have resulted from a lack of job development by the employment security offices during the period these persons were in training. For the six employment security offices which we visited, we found, based on interviews and a review of the available records, that four offices performed no meaningful job development during the training periods and officials at the remaining two offices advised us that they did not believe that job development was necessary since the training was directed to fill a specific demand.

We also found no indication in the available records of about 62 percent of the training graduates who at the completion of training were looking for work, that the local employment security offices had provided job referrals during the 3 months after training.

State employment security officials in both Oregon and Washington agreed that there was a serious need for additional effort in the areas of job development and placement assistance. However, they believed that the local employment security offices were doing what they could with the available staff. Manpower Administration officials in the Seattle Regional Office also agreed that job development was not receiving adequate attention because only limited staff was available at all levels.

Conclusions and recommendations

The State employment security offices in Oregon and Washington clearly need to improve the job development and placement services for MDTA trainees.

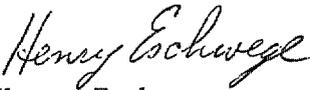
We recommend that the Assistant Secretary for Manpower emphasize to State employment security agency officials in Washington and Oregon the need for increased efforts to develop jobs for trainees throughout the training period and to place the trainees upon graduation. We also recommend that the Assistant Secretary for Manpower review the staffing patterns of the State employment security offices in Oregon and Washington and augment existing staffs which are found to be inadequate to accomplish the MDTA program objectives.

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We wish to acknowledge the cooperation given to our representatives during the review. We would appreciate receiving your comments on the matters discussed herein and your advice on any actions taken or contemplated on our recommendations.

Copies of this report are being sent to the Secretary of Labor, the Assistant Secretary for Manpower and the Manpower Administrator. Copies are also being sent to the Secretary of Health, Education, and Welfare and the Commissioner, Office of Education, Department of Health, Education, and Welfare.

Sincerely yours,


Henry Eschwege
Associate Director

The Honorable Leo R. Werts
Assistant Secretary for Administration
Department of Labor